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Understanding the **Recovery Act**

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How did we get **here...**

- Began as a \$50 billion proposal from Speaker Pelosi days after Lehman fell.
- Grew exponentially month-by-month from 50, to 150, to 300, to 600, to 750 billion+, as the scope of the crisis unfolded.
- Combines stimulus spending, fiscal relief, tax cuts, and a raft of domestic priorities.



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What does it mean for **states**...

Over **\$300 BILLION** in potential funding for state governments and state-related programs. To get your maximum share you have to break the code...



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The Big Check...

Almost \$100 billion in funding that
SUPPLANTS current state spending.

1. \$87 Billion in Increased Medicaid
Reimbursement.

2. \$8.8 Billion in flexible funding for public
purposes through the Fiscal Stabilization
Fund.



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The **Helping Hand**...

As much as \$130 billion in formula funding that may **SUPPLEMENT** state spending.

1. Big Ticket Items - Education (\$64 Billion) & Transportation (\$40 Billion)

2. Some Strings Attached – Unemployment Modernization (\$7 Billion) requires changes in state law.



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The Recovery Act and Unemployment Insurance...

Provides extended unemployment benefits through December 31, 2009 and a \$25 per week benefit increase, without requiring changes in state law. States could qualify for \$7 billion in funding if they “modernize” unemployment eligibility requirements, but it is too early to determine what strings are involved...



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The Cookie Jar...

Up to \$100 billion in competitive grant
OPPORTUNITIES.

1. The pots are small, spread out (30+ categories), and confusing.

2. Biggest Pots Include: Education Incentive Grants (\$5 Billion) and State Energy Program Grants (\$3.1 Billion).



Priorities for Legislatures...

- Legislatures may need to allocate funding through appropriation to comply with state constitutions.
- Oversight will be key to ensuring that state agencies pursue full range of funding opportunities, particularly competitive grants.



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How are States **Responding**...

- Governors are appointing czars and issuing executive orders.
- Idaho and Wisconsin have established procedures for the legislature to appropriate Recovery Act funding.
- Focus has been on transportation as funds must be allocated by **MARCH 10** and there is a use-it-or-lose-it clause.



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CSG's Response...

1. CSG/Latham & Watkins, LLP release first comprehensive legal guide to funding opportunities in the Recovery Act.
2. CSG releases 50-state analysis of how states are responding.



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New Resource...

STATERECOVERY.ORG a service of the council of state governments

A one-stop shop for analyzing Recovery
Act funding and tracking state responses...



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For further assistance
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